

April 13, 2000

the legacy of China. It has nothing to do with Communism."

A BILL TO CLARIFY THE TAX TREATMENT OF CONTRIBUTIONS IN AID OF CONSTRUCTION

HON. WALLY HERGER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 13, 2000

Mr. HERGER. Mr. Speaker, I am introducing legislation today, along with Mr. MATSUI and Mrs. JOHNSON, to ensure that needless Treasury regulation does not add unnecessarily to the cost of housing.

The need for this legislation is brought about because the Department of Treasury has issued proposed regulations to provide guidance on the definition of CIAC as enacted under the Small Business Job Protection Act of 1996. Despite the fact that Congress specifically removed language concerning "customer services fees" in its amendment in 1996, the Department added the language back into the proposed regulation specifying that such fees are not CIAC. They then defined the term very broadly to include service laterals, which traditionally and under the most common state law treatment would be considered CIAC.

Because state regulators require all of the costs of new connections to be paid up front, these regulations will force water and sewerage utilities to collect the federal tax from homeowners, builders, and small municipalities. Because they collect it up front, the utility is forced to "gross up" the tax by collecting a tax on the tax on the tax, resulting in an over 55 percent effective tax rate.

This bill will clarify that water and sewerage service laterals are included in the definition of contributions in aid of construction (CIAC). It clarifies current law by specifically stating that "customer service fees" are CIAC, but maintains current treatment of service charges for stopping and starting service (not CIAC). Because this is a clarification of current law, the effective date for the bill is as if included in the original legislation (Section 1613(a) of the Small Business Job Protection Act of 1996).

Mr. MATSUI and Mrs. JOHNSON along with many of our colleagues here in the chamber, worked hard over the course of a number of years to restore the pre-1986 Act tax treatment for water and sewage CIAC. In 1996, we succeeded in passing legislation. It was identical to pre-1986 law with three exceptions. Two of the changes were made in response to a Treasury Department request. The third removed the language dealing with "service connection fees" primarily because of potential confusion resulting from the ambiguity of the term. The sponsors of the legislation were concerned that the IRS would use this ambiguity to exclude a portion of what the state regulators consider CIAC.

As part of our efforts, we developed a revenue raiser in cooperation with the industry to make up any revenue loss due to our legislation, including the three changes. This revenue raiser extended the life, and changed the method, for depreciating water utility property

EXTENSIONS OF REMARKS

from 20-year accelerated to 25-year straight-line depreciation. As consequence of this sacrifice by the industry, our CIAC change made a net \$274 million contribution toward deficit reduction.

It is my belief that the final revenue estimate done by the Joint Committee on Taxation on the restoration of CIAC included all property treated as CIAC by the industry regulators including specifically service laterals. In an October 11, 1995 letter to Senator GRASSLEY the Joint Committee on Taxation provided revenue estimates for the CIAC legislation. A footnote in this letter states, "These estimates have been revisited to reflect more recent data." The industry had only recently supplied the committee with comprehensive data, which reflected total CIAC in the industry, including service laterals.

In urge my colleagues to join with us in sponsoring this important legislation in order to keep the Department of Treasury from further burdening the American Homeowner.

APRIL SCHOOL OF THE MONTH

HON. CAROLYN MCCARTHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 13, 2000

Mrs. MCCARTHY of New York. Mr. Speaker, I have named North Side Elementary School in East Williston as the School of the Month in the Fourth Congressional District for April 2000. Dr. James F. Newman is the Principal of North Side, and Dr. Carolyn S. Harris is the Superintendent of Schools in the East Williston School District. The school teaches children in grades Kindergarten through 4.

North Side Elementary stood out in my mind as an outstanding example of how early education is most successful when parents are involved. The school's programs teach our children the true value of education because it encourages community participation.

The North Side Elementary School Community is a close-knit body of parents, teachers, students, and administrators. Their goal is to ensure each child a stable early education through an enriched curriculum that keeps the children excited, and unique programs that appeal to a wide variety of younger children.

North Side combines parental involvement with exceptional programming. The children benefit when the community engages them in activities that extend beyond the traditional classroom setting.

One of the more popular programs among students is Books Alive, where staff and parents act out a selection of children's literature in a theater presentation. The Parent-Teacher Organization also holds an annual fundraising dinner with all proceeds going towards grants to supplement North Side teaching materials and special projects. Last year the school established the Deidre Hannafin Writing and Publishing Center as a tribute to Hannafin, a dedicated teacher who died of cancer at the young age of 32. At the Center, students work side by side with their parents and teachers to publish a newspaper, classroom writing projects, and this year, a literary magazine.

While stressing the value of traditional subjects, students are encouraged to look into

their creative sides through art, music and nature programs. The Enriched Integrated Studies Program is one more way that North Side attempts to reach each child's strengths. Students attend enrichment activities once a week in order to bring the classroom to life. Class topics have included Ancient Egypt and Greece, while the entire school participated in activities such as Science Day.

Long Island students receive a better education thanks to the faculty and teachers of North Side Elementary School and I am proud to name them school of the month for April in the Fourth Congressional District of New York.

IN MEMORY OF THE LATE MARTHA MANUEL CHACON

HON. JOE BACA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 13, 2000

Mr. BACA. Mr. Speaker, it is with sadness that I inform my colleagues of the passing of a great individual, a person who graced our world and the lives of so many people with love and compassion.

Martha Manuel Chacon, who passed away on March 28, 2000, was a beloved tribal elder of the San Manuel Band of Serrano Mission Indians. She was totally dedicated to providing a better way of life for her tribal members as well as for future generations of Serranos and all Native Americans.

Mrs. Chacon's legacy will live on forever in the many lives she touched during her 89 years on this Earth. She demonstrated to all of us complete and total honesty and strength as well as leadership and courage.

Martha Manuel Chacon was and remains so much a tremendous person in our thoughts and in our memories. I appreciate so much and will long remember the many good and positive things she brought into the lives of so many people and to the lives of the people of the San Manuel Tribe.

I join with Martha's friends and family members in honoring such a truly remarkable and outstanding person, someone who gave so much to those she loved. Each of us is better and more fortunate for what she unselfishly gave to us and gave to our world, a world made so much brighter and gentler by her life and her presence.

Mr. Speaker, I join with all of those who loved Martha Manuel Chacon in extending our prayers, knowing that God's heaven will forever be blessed and graced by her presence.

TRIBAL MATRIARCH CHACON DIES AT 89

(By Joe Nelson)

SAN BERNARDINO—Martha Manuel Chacon was the backbone of the San Manuel Band of Serrano Mission Indians—possessing honesty, strength, leadership, and courage. She was considered a true friend in every sense of the word, family members say.

After a lifetime of service to the San Manuel tribe, Chacon died Tuesday at St. Bernardino Medical Center in San Bernardino. She was 89.

Chacon was the granddaughter of Santos Manuel—for whom the tribe is named.

Manuel was responsible for saving the tribe during difficult transition times in 1866,